

**Minnesota Housing Finance Agency
Housing Trust Fund Program and Ending Long-Term Homelessness Initiative Fund
Sponsor-Based Rental Assistance Program**

RENTAL SUBSIDY CONTRACT

THIS CONTRACT is entered into this _____ day of _____, 20_____, between _____, located at _____ (the “Owner”), and _____, a _____, located at _____ (the “Sponsor”).

RECITALS

A. The Sponsor has been selected by the Minnesota Housing Finance Agency (“MHFA”) to participate in its Housing Trust Fund and Ending Long-Term Homelessness Initiative Fund Rental Assistance Program (the “HTF/ELHIF Program”), pursuant to which the Sponsor will establish and administer a tenant-based rental assistance program (the “Local Program”) in accordance with Minnesota Statutes section 462A.201.

B. Under the Local Program, the Sponsor will make monthly rental subsidy payments (“Rental Subsidy Payments”) to the Owner on behalf of a tenant identified herein to assist the tenant in renting a dwelling unit from the Owner.

C. The Owner and the Sponsor wish to set forth the terms and conditions under which the Owner will receive Rental Subsidy Payments from the Sponsor.

AGREEMENT

1. Tenant; Dwelling Unit; Form of Lease.

a. This Contract applies only to the following tenants (collectively, the “Tenant”):

Names of all adults aged 18 or over:

b. This Contract applies only to the following dwelling unit (the “Dwelling Unit”):

(Address, Unit Number)

(City, State, ZIP)

c. The Owner shall rent the Dwelling Unit to the Tenant pursuant to a written lease and a lease addendum (collectively, the “Lease”) in forms approved by the Sponsor. No changes may be made to the Lease unless approved in writing by the Sponsor.

2. **Contract Rent.** The total monthly rent (the “Contract Rent”) payable to the Owner for the Dwelling Unit is set out in the Lease. The Contract Rent must not increase during the term of the Lease.

3. **Rental Subsidy Payment; Tenant Rent.**

(a) For each month that the Tenant is eligible for a rental subsidy under the Local Program and leases and occupies the Dwelling Unit, the Sponsor shall make a Rental Subsidy Payment to the Owner on behalf of the Tenant. The Rental Subsidy Payment shall be the difference between the Contract Rent and the portion of the Contract Rent for which the Tenant is responsible (the “Tenant Rent”), up to a maximum amount permitted by the HTF/ELHIF Program. The Tenant is fully responsible for paying the Tenant Rent, and the Sponsor has no obligation to pay the Owner any portion of Contract Rent in excess of the Rental Subsidy Payment.

(b) The amount of the Rental Subsidy Payment cannot exceed the Contract Rent. If the Rental Subsidy Payment exceeds the Contract Rent, the Owner shall immediately return any excess payment to the Sponsor.

(c) The Sponsor shall determine the amount of Tenant Rent, to be paid by the Tenant to the Owner, in accordance with HTF/ELHIF Program requirements. The Tenant Rent as determined by the Sponsor is the maximum amount that the Owner may require the Tenant to pay as rent for the Dwelling Unit and must include all services, maintenance, and utilities to be provided by the Owner in accordance with the Lease.

(d) The amounts of the Rental Subsidy Payment and the Tenant Rent are subject to change as determined by the Sponsor during the term of the Lease. Any change in the amount of the Rental Subsidy Payment or the Tenant Rent and the effective date of the change shall be stated in a written notice from the Sponsor to the Tenant and the Owner. Initially and until further notice from the Sponsor, the amounts payable by the Tenant and the Sponsor to the Owner are as follows:

\$_____ Rental Subsidy Payment (payable by the Sponsor)

\$_____ Tenant Rent (payable by the Tenant)

(e) If the Tenant terminates occupancy of the Dwelling Unit or if the Owner evicts the Tenant in accordance with applicable laws, the Owner must promptly notify the Sponsor in writing. The Owner may retain the Rental Subsidy Payment for the month in which the Tenant moves but shall not receive subsequent Rental Subsidy Payments.

(f) The right of the Owner to receive Rental Subsidy Payments is conditioned upon compliance with all provisions set forth in this Contract.

4. **Term of Contract.** The Sponsor will begin making Rental Subsidy Payments to the Owner on _____ and will continue [until _____] OR [on a

month-to-month basis]. The Rental Subsidy Contract and Payments may end sooner than this date if:

- (a) The Tenant's monthly income is above the HTF/ELHIF Program income limits for four consecutive months;
- (b) The Owner evicts the Tenant for (i) serious or repeated violation of the terms and conditions of the Lease or (ii) violation of federal, state, or local law that imposes obligations on the Tenant in connection with the occupancy or use of the Dwelling Unit and the surrounding property; or
- (c) The Sponsor receives notice that the lease has been terminated.
- (d) The Owner receives notice that the tenant is terminated from the HTF/ELHIF program.
- (e) The Owner fails to maintain the dwelling unit so that it meet the housing maintenance code of the local unit of government in which the dwelling unit is located, or the quality standards adopted by the United States Department of Housing and Urban Development.

5. Owner's Receipt of Rental Subsidy Payment. The Sponsor shall make Rental Subsidy Payments to the Owner on or about the first day of each month for which payment is due under this Contract. The Owner's endorsement of each check from the Sponsor shall represent the Owner's acknowledgement that the Owner has received the full amount due from the Sponsor for the month and is the Owner's certification that:

- (a) The Dwelling Unit complies with the requirements of Section 7(a) hereof and the Owner is providing all the services, maintenance, and utilities agreed to under the Lease;
- (b) The Dwelling Unit is leased to the Tenant named in Section 1(a) hereof and the Lease complies with Section 1(c) hereof;
- (c) The Rental Subsidy Payment does not exceed the Contract Rent;
- (d) The Owner has not received and will not receive any other forms of tenant-based, sponsor based, or project-based rental assistance for the Dwelling Unit during the term of this Contract other than the Rental Subsidy Payment; and
- (f) To the best of the Owner's knowledge, the Dwelling Unit will be used solely as a residence, will be the Tenant's primary residence, and will be occupied by the Tenant full-time.

If the Sponsor determines that the Owner is not entitled to some or all of any Rental Subsidy Payment, the Sponsor may deduct the overpayment from any amount due the Owner, require the Owner to repay the overpaid funds, or pursue any other remedies available to it.

6. **Security Deposits.** The Owner shall handle any security deposit given to it by the Tenant in accordance with Minnesota law, specifically, Minnesota Statutes section 504B.178

7. **Maintenance.**

(a) The Owner shall maintain the Dwelling Unit so that it meets the housing maintenance code of the local unit of government in which the Dwelling Unit is located, if such a code has been adopted, or the housing quality standards adopted by the United States Department of Housing and Urban Development, if no local housing maintenance code has been adopted. The Sponsor shall not make Rental Subsidy Payments to the Owner if the Dwelling Unit does not comply with the requirements of this Section 7(a) unless the Owner promptly corrects the defects and the Sponsor approves the corrections.

(b) Upon initial occupancy of the Dwelling Unit and annually thereafter, the Sponsor shall inspect the Dwelling Unit and related facilities, upon reasonable notice to the Owner, to assure that the Dwelling Unit complies with the requirements of Section 7(a) hereof and that the Owner is providing all the services, maintenance, and utilities agreed to under the Lease. The Sponsor has the right to inspect the Dwelling Unit and related facilities more often than annually, upon reasonable notice to the Owner, as necessary to assure compliance with this Contract.

8. **Non-Discrimination.** The Owner shall not discriminate against the Tenant household in the provision of services or in any other manner because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. The Owner shall cooperate with the Sponsor and MHFA if compliance reviews or complaint investigations must be conducted under federal, state, or local civil rights laws or regulations.

9. **Access to Dwelling Unit and Records.** The Owner shall provide any information with respect to this Contract that the Sponsor or MHFA reasonably require. The Owner shall permit the Sponsor, MHFA, or any of their authorized representatives to have access to the Dwelling Unit and the surrounding premises and to audit and examine any books, documents, papers, or records of the Owner necessary to determine compliance with this Contract.

10. **Events of Default.** The following shall constitute Events of Default under this Contract:

(a) The Owner fails to comply with any of the requirements or fulfill any of the obligations set forth in this Contract or the Lease.

(b) The Owner commits any fraud or makes any false statement to the Sponsor or MHFA in connection with this Contract, the HTF/ELHIF Program, or any federal or state housing assistance program.

11. **Rights and Remedies.** Upon the occurrence of an Event of Default, and at any time thereafter until the Event of Default is cured to the satisfaction of the Sponsor, the Sponsor may exercise any and all of the rights and remedies available to it, including but not limited to terminating or reducing Rental Subsidy Payments, recovering overpayments, and terminating this Contract. The Sponsor shall notify the Owner in writing of the occurrence of any Event of Default and of any remedies that the Sponsor chooses to exercise

12. **Waivers.** No waiver by the Sponsor of any default hereunder shall operate as a waiver of any other default, or of the same default on a future occasion. No delay on the part of the Sponsor in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified herein are cumulative and not exclusive of any rights or remedies that the Sponsor would otherwise have.

13. **Relationship to Third Parties.**

(a) The Sponsor assumes no liability or responsibility for injury to any person injured as a result of the Owner's action or failure to act in connection with this Contract or as a result of any other action or failure to act by the Owner.

(b) Nothing in this Contract shall be construed as creating any rights of the Tenant or other third party, other than MHFA, to enforce any provisions of this Contract or to assert any claim against the Sponsor, the Owner, or MHFA.

14. **Assignment of Contract.** The Owner shall not transfer or assign its rights under this Contract without the prior written consent of the Sponsor. A change in ownership of the Owner, such as a stock transfer or transfer of the interest of a limited partner, shall not constitute such a transfer or assignment; however, a transfer of a general partner's interest must be approved in writing by the Sponsor. The Sponsor shall consent to a transfer or assignment if the transferee agrees in writing, in a form acceptable to the Sponsor, to comply with all of the terms and conditions of this Contract and the Local Program.

15. **Governing Law and Entire Agreement.** This Contract shall be governed by the laws of the State of Minnesota and contains the entire agreement of the parties on the matters covered herein. No other agreement, statement, or promise made by any party, or by any employee, officer, or agent of any party, that is not in writing and signed by all the parties to this Contract shall be binding.

Signature Page to Rental Subsidy Contract

OWNER

SPONSOR

(Signature of Owner or Authorized Representative)

(Authorized Signature of Sponsor)

(Print or Type Name)

(Print or Type Name)